

**CALIFORNIA ENERGY COMMISSION**

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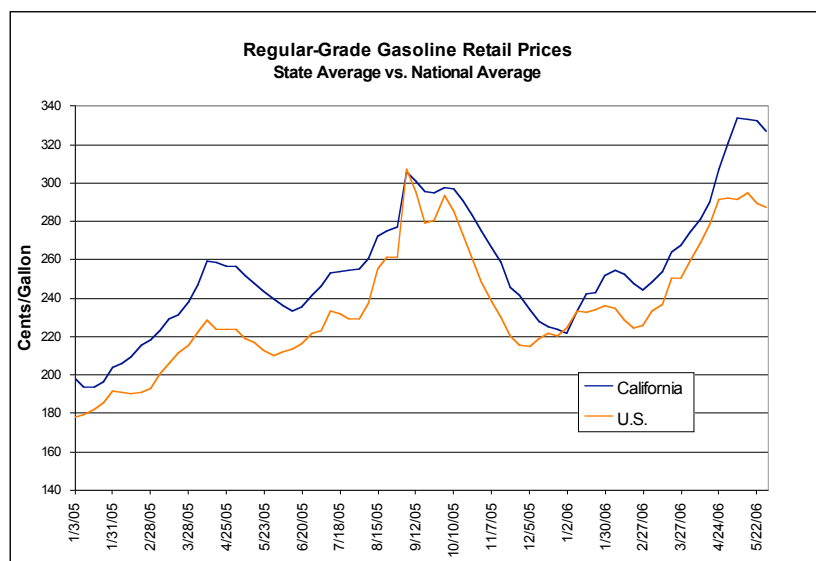
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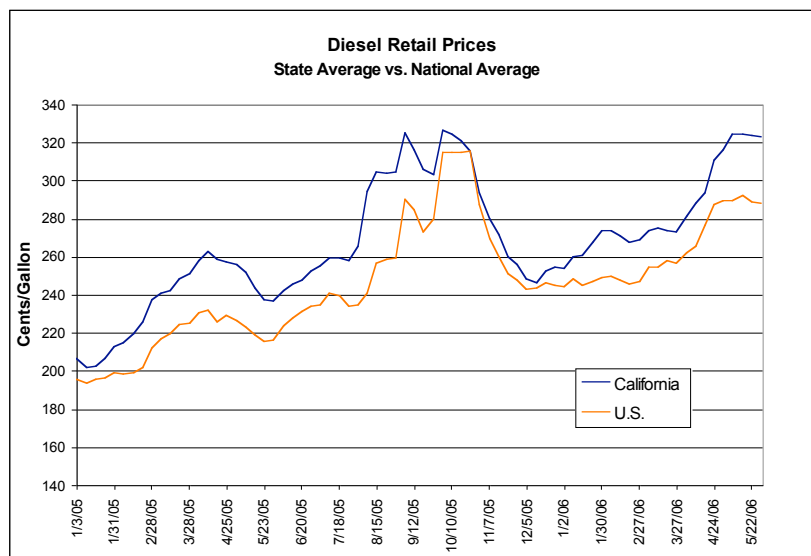
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**Petroleum Watch****June 2, 2006*****Retail Gasoline and Diesel Prices on May 29***

- The average statewide **retail price for regular-grade gasoline** fell almost 6 cents per gallon this week to \$3.27 per gallon. However, retail gasoline is \$1.06 higher than the 2006 low of \$2.21 on January 2.<sup>1</sup>
- The difference between California and U.S. retail gasoline prices declined 3 cents in the last week to 40 cents per gallon but is well above the average of 14 cents for January through April.



- The average California **retail diesel price** fell 1 cent from the previous week to \$3.23 per gallon. The difference between California and U.S. retail diesel prices was unchanged at 35 cents per gallon.

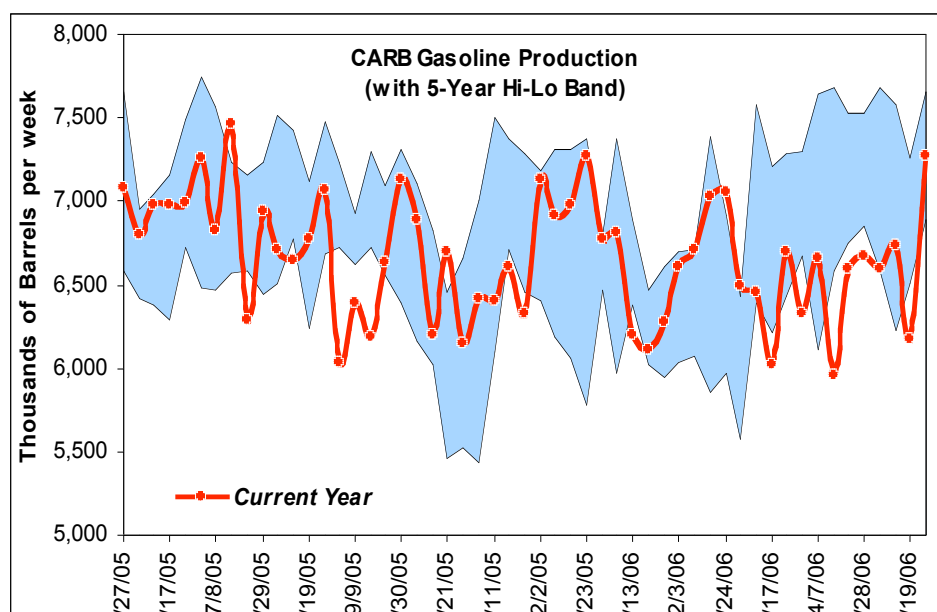


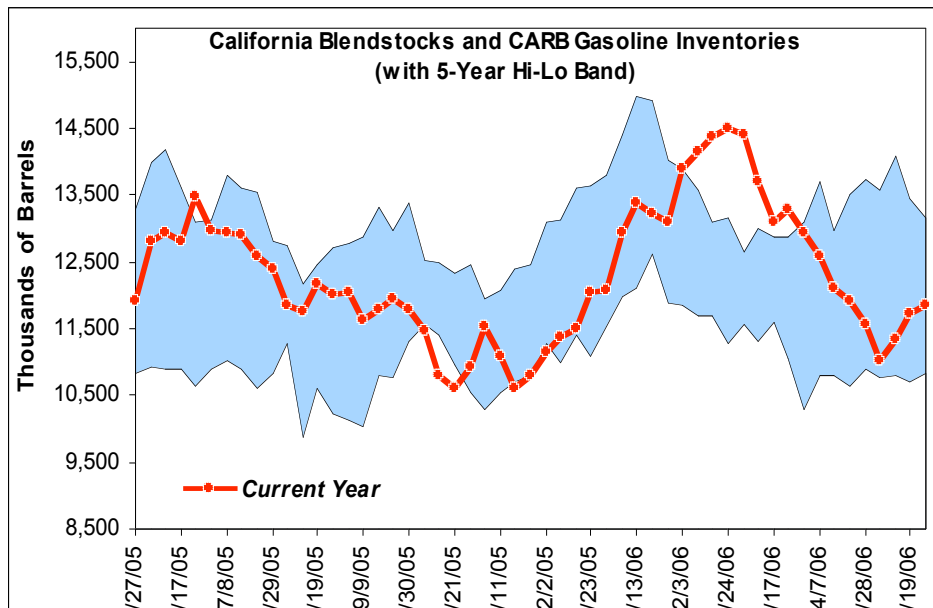
### ***Wholesale Gasoline and Diesel Prices on May 31***

- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) fell sharply (\$2.31 on May 24) and then rebounded during the last week, climbing back to \$2.44 per gallon. Prices are currently 53 cents lower than the record high of \$2.97 on May 2 but are still 88 cents more than the 2006 low of \$1.56 on February 14.
- Relatively flat crude oil prices and growing state gasoline production have kept California spot prices about the same as last week, despite increased spot gasoline prices elsewhere in the United States.
- California spot prices are 14 cents per gallon higher than those for RBOB on the Gulf Coast and 16 cents higher than RBOB in New York Harbor.
- California spot **wholesale low-sulfur diesel prices** ranged between \$2.33 and \$2.40 per gallon during the last week, before settling at \$2.34. Prices are now 34 cents lower than the record high of \$2.68 on May 3.
- California wholesale low-sulfur diesel prices are 20 cents more than Gulf Coast prices, 10 cents less than the difference on May 23.
- The difference between California gasoline and diesel spot prices grew during the latest week from 4 cents higher for gasoline on May 23 to 10 cents currently.
- The Energy Information Administration weekly assessment for May 26 reports that **U.S. gasoline demand** increased 2.6 percent from the previous week, while distillate demand jumped 5.1 percent. The four-week average demand for gasoline is 9.324 million barrels per day, 0.1 percent less than last year. The four-week average for U.S. distillate demand is 4.102 million barrels per day, 0.7 percent higher than last year.

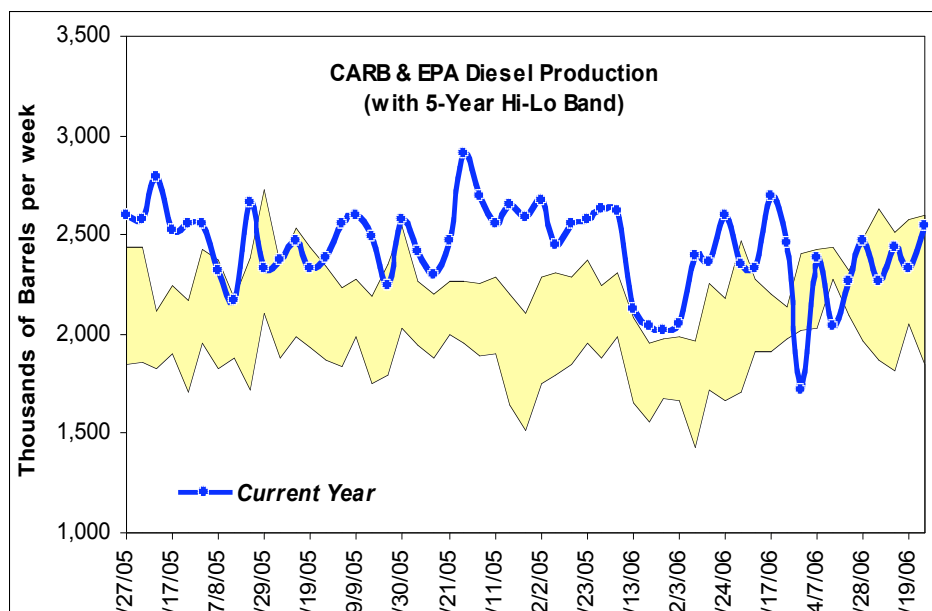
## Refinery Production and Inventories

- Reformulated **gasoline production** in California during the week ending May 26 rebounded to 7.27 million barrels, 18 percent higher than the previous week and 2.6 percent more than last year. Refineries returning from maintenance and increases at other facilities brought output to the highest levels since last December.<sup>ii</sup>
- With production up, California reformulated **gasoline inventories** grew 11.2 percent from the previous week, while gasoline blendstock inventories fell by 4.6 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased 1 percent** to 11.85 million barrels and remain near the middle of the five-year range.
- U.S. gasoline inventories grew by 794,000 barrels from the previous week to 209.3 million barrels on May 26, despite the large weekly demand growth, as import levels are still very high.

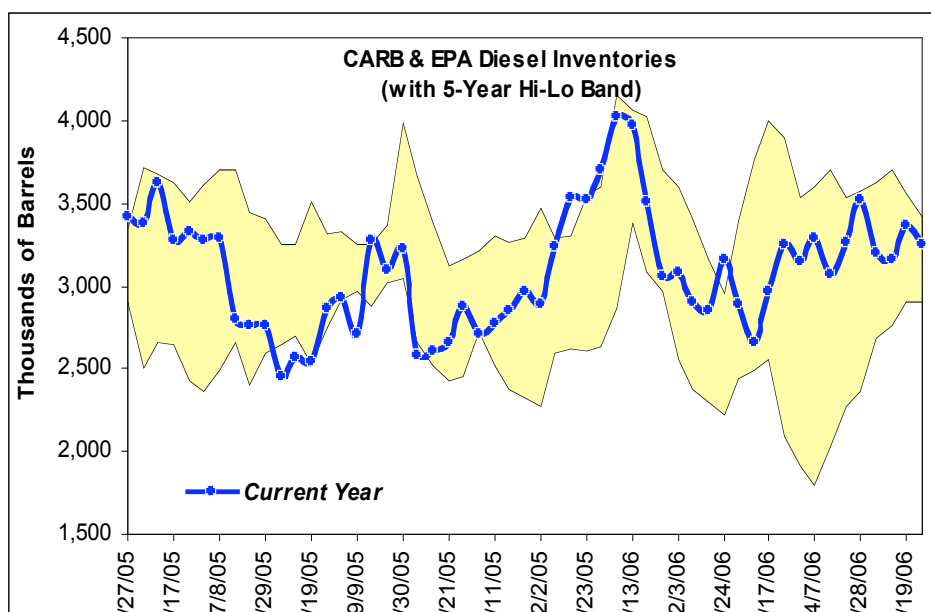




- California low-sulfur **diesel production** during the week of May 26, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, jumped 9.4 percent from the previous week as facilities returned from maintenance. Output is again back at the upper end of the five-year range.

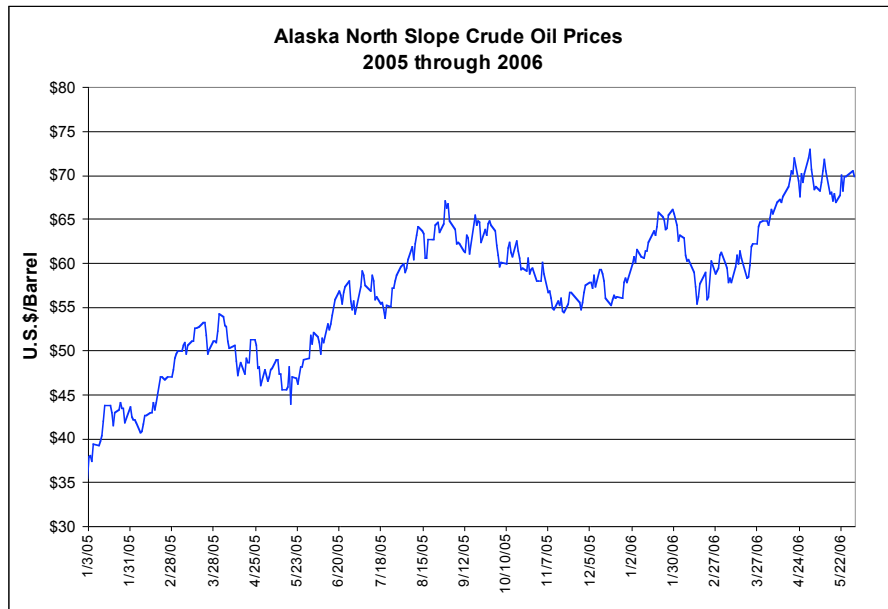


- Combined low-sulfur **diesel inventories** in California fell by 3.6 percent from the previous week to 3.25 million barrels, still near the middle of the five-year range. Total U.S. distillate inventories as of May 26 increased to 118.9 million barrels, 1.8 million barrels higher than the previous week and 12.5 million barrels more than last year.



### **Crude Oil Prices and Inventories**

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, were little changed during the latest week. Increased U.S. crude oil inventories and expectations that OPEC will not cut production at this week's meeting were offset by increasing levels of violence in Iraq and reports of strong Chinese demand growth. Iran's standoff over its nuclear plans with the United States and the European Union persists, with significant progress in the negotiations difficult to achieve. ANS oil prices have drifted around \$70 per barrel during the week and were at \$69.79 per barrel as of May 31.<sup>iii</sup>



- U.S. commercial crude oil inventories grew as imports increased substantially, despite higher crude oil inputs to refineries. Stocks were at 345.5 million barrels as of May 26, 1.6 million barrels more than the previous week, 11.7 million higher than last year and 32.8 million more than the five-year average.
- The return of offshore crude oil production in the Gulf Coast has slowed in recent months, and a substantial amount remains off-line. In its final report on hurricane outages on May 3, Minerals Management Service indicated that almost 22 percent of U.S. Gulf of Mexico offshore oil production, or 324,445 barrels per day, was still shut down at that time from last year's hurricanes. Almost 154 million barrels of crude oil production had cumulatively been lost to these hurricanes since late August, about 28 percent of annual Gulf of Mexico offshore oil production.

<sup>i</sup> Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration of the U.S. Department of Energy (EIA). The EIA revision of retail gasoline prices for May 22 was not incorporated into last week's Petroleum Watch but is included in this week's report.

<sup>ii</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>iii</sup> ANS crude oil prices are from *The Wall Street Journal*. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.